



icmif

International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Estonia

Facts and figures: Mutual and cooperative insurance in Europe Vol 2

Published May 2018

© 2018 AMICE aisbl & International Cooperative and Mutual Insurance Federation (ICMIF) – all rights reserved.

The entire content of this AMICE/ICMIF publication is subject to copyright with all rights reserved.

This information may be used for private or internal purposes, provided that copyright is appropriately attributed to AMICE/ICMIF, including the source reference “*AMICE Facts and figures Vol 2*” and subject to the material not being used in a derogatory manner or in a misleading context.

Reproduction in part or as a whole, or use for any public purpose, in any form of media is prohibited without prior authorisation of AMICE. Such reproduction or use has to refer to the source “*AMICE Facts and figures Vol 2*” and is subject to the material not being used in a derogatory manner or in a misleading context. Courtesy copies are appreciated.

For enquiries about use or copyright, please contact secretariat@amice-eu.org

Although all information used in this study was taken carefully from reliable sources, AMICE does not accept any responsibility or liability for the accuracy or the comprehensiveness of the information given. Brussels, May 2018

For more information please visit:

www.amice-eu.org

www.icmif.org

Follow us on Twitter

[@ICMIF_Web](https://twitter.com/ICMIF_Web)

[@AMICE_Mutuals](https://twitter.com/AMICE_Mutuals)

Methodology

Business scope

The study focuses on the direct insurance sector and does not in principle include reinsurance. Therefore, the report is based on direct (gross) premiums written by insurance companies (in both the total market and mutual/cooperative market) and reinsurance premiums have, where possible, been eliminated.

Types of insurers included

The main purpose of the study is to describe the mutual and cooperative insurance sector by highlighting the size, relevance and socio-economic importance of mutual and cooperative insurers in the region.

The definition of the “total mutual/cooperative insurance sector” in this report¹ includes insurance undertakings whose legal status is classified as “mutual” or “cooperative” in their national law, as well as insurers whose structure and values reflect the mutual/cooperative form (see definition 3 below).

Extending the definition in this way has enabled the study to include all organisations which operate on mutual/cooperative principles, in line with the report’s research objectives, without being restricted by legal definitions, of which there is a wide variety across Europe.

Insurance companies included in this study have been categorised by three definitions relating to their legal structure and ownership.

1. Mutual/cooperative insurers in the legal form (definition 1)

Mutual and cooperative insurers in a legal form of a (insurance) mutual or cooperative.

In addition, insurance undertakings whose legal structure corresponds to or is in some way aligned with the mutual/cooperative model and whose legal structure is different to a joint-stock (limited) company. These include friendly societies, community benefit societies² and protection and indemnity (P&I) clubs.^{3,4}

2. Subsidiaries of mutual/cooperative insurers in the legal form (definition 2)

Subsidiaries of a (definition 1) mutual or cooperative insurer in the legal form.⁵ These are commonly operated in the legal form of a joint stock or limited company. In any given market, insurance companies within this definition include subsidiaries of both domestic and foreign-based (including non-European markets) mutual/cooperative insurers in the legal form.

3. Mutual/cooperative-type insurers (definition 3)

This encompasses the remaining mutual/cooperative insurance companies not classified by definition 1 or definition 2. It includes companies that:

¹ Note that while this definition is the same as the definition used by ICMIF in its *Global Mutual Market Share* reports, there are a number of instances where various companies’ data included in the ICMIF research have been excluded (or classified differently) in this study. These differences will be noted.

² See chapter on the UK.

³ A P&I club is a mutual insurance association that provides risk pooling, information and representation for its members. Unlike a marine insurance company, which reports to its shareholders, a P&I club reports only to its members. Originally, P&I Club members were typically ship owners, ship operators or demise charterers, but more recently freight forwarders and warehouse operators have been able to join.

⁴ Due to the international nature of P&I Clubs, premium data on domestic risks only (if known) are included in each chapter’s figures. For this reason, P&I Clubs in Europe (either registered in or operating within) have been excluded from the ranking of the largest mutual/cooperative insurers (see Top 100 chapter).

⁵ The main condition for inclusion in this category is that the ultimate parent company is itself actively engaged in insurance activities, even if only to a limited extent.

- are owned by, governed by and operated in the interests of their members or policyholders;
- are inspired by mutualist and/or cooperative ideas; and/or
- are structured in such a way that they are not (majority) controlled by outside capital interests.

It features a range of different company structures, often in the legal form of a limited insurance company,⁶ which is majority-owned by a non-insurance mutual or cooperative organisation or group (including banks). It also includes insurance undertakings that are owned by or governed by a membership or community organisation, charitable trust, foundation, union or other non-profit organisation.

Note that when reference is made throughout the report to the “total mutual/cooperative insurance sector (or market)” or the “total number of mutual/cooperative insurance companies”, this refers to all definitions (1-3) of insurers categorised above.

Legal research

Desk research was carried out to produce the legal sections of the report. When information was not readily available, national supervisors, national insurance associations and trade bodies have been consulted where possible.

The ECB annual average exchange rates have been used in the legal part of the report where necessary.

Total insurance market figures

In each chapter, the total number of licensed insurance undertakings has been taken from the national insurance regulator or supervisory body where available. In certain instances, the totals have been adjusted to include insurance undertakings that are licenced and operating within the market, but were not included in the figures produced by the supervisor. Where data was not available from the national supervisor, national insurance associations and trade bodies have been consulted where possible.

To ensure consistency across all markets in this study, figures on the total insurance market in each country have been taken from Swiss Re’s *sigma* data.⁷ These have also been compared against additional data obtained from national supervisors/regulators, although some differences between Swiss Re’s data and supervisory data may be noted. In certain instances, figures produced by Swiss Re have also been adjusted to ensure reporting year consistencies and to include insurance business that is not covered in their data.

Life and non-life business in this study are categorised according to standard EU conventions, which is the same categorisation as in Swiss Re’s data. In relation to health insurance, this is classified as non-life insurance throughout the study, even where it is classified differently in individual markets.⁸

For the statistical part of the report, variable currency exchange rates have been used for the different years, with all figures converted into euros (EUR). To allow for more accurate market share calculations, exchange rates used for the mutual/cooperative insurance sector are the same as those used by Swiss Re in order to be consistent with the euro conversion of the total market figures.

Growth figures of individual markets have been calculated in local currency terms throughout the report unless otherwise stated in order to eliminate misleading effects of exchange rate fluctuations and thus ensure accurate year-on-year comparisons.

Number of members/policyholders

The definition of “members/policyholders” in this instance may refer to the number of customers, clients or people insured by mutual/cooperative insurers, as there is no consistency between markets or companies regarding which figure (if any) is reported.

⁶ In certain markets where insurance companies cannot take the legal form of a mutual or cooperative (or have restrictions on the line of business which they can offer), figures may nevertheless be indicated for the mutual/cooperative insurance market due to the presence of definition 2 and definition 3 insurers.

⁷ Data has been taken from updated statistics, originally published in Swiss Re Institute’s *sigma World Insurance* reports. The most recent report was Swiss Re Institute, *Q3/2016 World insurance in 2015: steady growth amid regional disparities*.

⁸ The major example of this is in Germany, where health insurance is classed as a life insurance product.

However, it should be noted that each policy issued by a mutual/cooperative insurer equates to a single member/policyholder. If an individual person or entity purchases more than one insurance product from mutual/cooperative insurers, that multiplicity of policies will be recognised in the overall member/policyholder figures for each country.



Mutual/cooperative insurance companies

Landscape

The Financial Supervision Authority (*Finantsinspeksioon*) is a financial supervision institution with autonomous competence and separate budget, responsible for the supervision of the insurance market in Estonia.¹

The Insurance Activities Act of 10 June 2015 (*Kindlustustegevuse seadus*) governs the insurance market in Estonia and transposes the Solvency II Directive into national legislation.

All insurance undertakings that wish to operate in the Estonian market are required to obtain an authorisation from the Finantsinspeksioon.²

Insurance undertakings are not allowed to be engaged in life insurance and non-life insurance simultaneously.³ However, an insurer engaged in life insurance may simultaneously engage in accident and sickness insurance.⁴

An insurance undertaking in Estonia can only operate in the legal form of:⁵

- a public limited company (*aktsiaselts*)
- a European Company (*Euroopa äriühing*)

Insurance companies in Estonia cannot be established as mutuals or cooperatives.

Number of licensed insurance undertakings

There was a total of 12 licensed insurance undertakings present in the Estonian market in 2015.⁶ Of these, four were life insurance companies and eight were non-life insurers. In addition, there was one affiliated branch of a foreign life insurance institution and four branches of foreign non-life insurers authorised by the Finantsinspeksioon in 2015.

¹ Finantsinspeksioon's [website](#).

² Article 15(1) of the Insurance Activities Act.

³ Article 16(5) of the Insurance Activities Act of 1 January 2016. However, Article 16(6) of the Insurance Activities Act of 1 January 2016 foresees that an insurance undertaking engaged in life insurance may be simultaneously engaged in life insurance and the classes of non-life insurance specified in clauses 12(1)(1) and (2) of the Insurance Activities Act (term and whole life insurance and insurance on survival to a stipulated age).

⁴ Article 16(6) of the Insurance Activities Act.

⁵ Article 11(1) of the Insurance Activities Act.

⁶ Finantsinspeksioon's website, [Aggregated Data of Insurers \(from 31.03.2008 to 31.12.2015\)](#).

Number of mutual/cooperative insurers

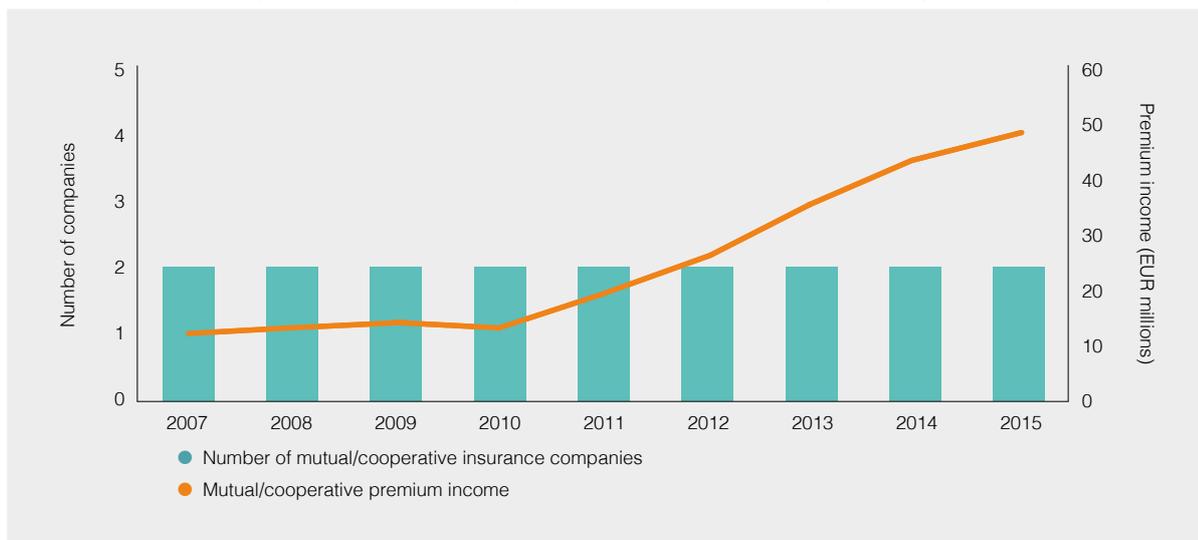
In 2015, there were two mutual/cooperative insurers active in Estonia (see Figure 1), both classified as mutual/cooperative-type insurers.

Life insurer Compensa Life Vienna Insurance Group SE is a subsidiary of Austrian mutual/cooperative-type insurer Vienna Insurance Group (VIG). Compensa Life was ranked as the largest life insurer in the Estonian market in 2015. In addition, Norwegian insurer Gjensidige (also a mutual/cooperative-type insurer) was present in the Estonian market through an affiliated branch (AAS Gjensidige Baltic Eesti filial).

There were no mutual or cooperative insurers in the legal form present in Estonia in 2015.

Figure 1

Number of mutual/cooperative insurance companies and total mutual/cooperative premium income (2007-2015)



Size and growth of the mutual/cooperative insurance sector

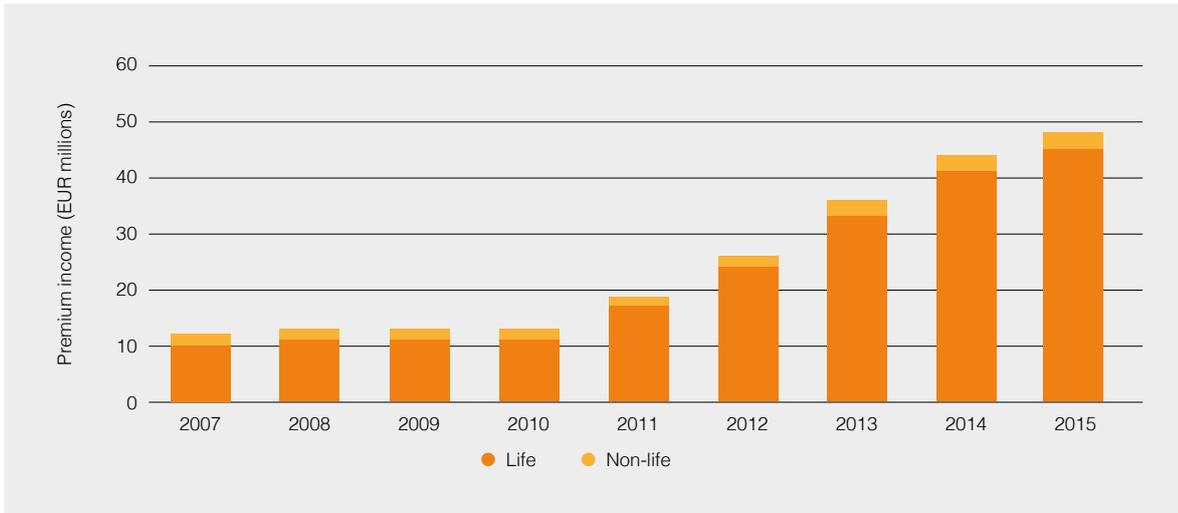
Total

Total premiums of the Estonian insurance industry amounted to EUR 489 million in 2015, of which EUR 94 million was in life insurance and EUR 395 million (equivalent to 81%) was in non-life insurance. Premium revenues were 25.8%⁷ greater in 2015 compared to 2007 levels (EUR 389 million).

The mutual/cooperative insurance sector has expanded significantly since 2007, rising from EUR 12.0 million in premiums in 2007 to EUR 47.8 million in 2015 (see Figure 2). This resulted in a CAGR of 18.8%, compared to a market average CAGR of 2.9%. Just under 95% of mutual/cooperative business in 2015 was written in the life market.

⁷ Estonia adopted the euro on 1 January 2011. As a result, because no comparison can be made in local currency (Estonian kroon pre-2011) terms over the period between 2007 and 2015, all growth figures are in euro terms.

Figure 2
 Premium income of mutual/cooperative insurance companies (2007-2015)



Life

Life insurance premiums across the whole market in Estonia decreased between 2007 and 2015, falling by 27.6% from EUR 130 million. In contrast, the mutual/cooperative sector recorded a strong growth during the period, and aggregate life premiums were more than four times greater in 2015 (EUR 45.1 million) compared to 2007 (EUR 10.3 million). The eight-year CAGR of the mutual/cooperative life sector was 20.2%, compared to -4.0% for the total market.

Non-life

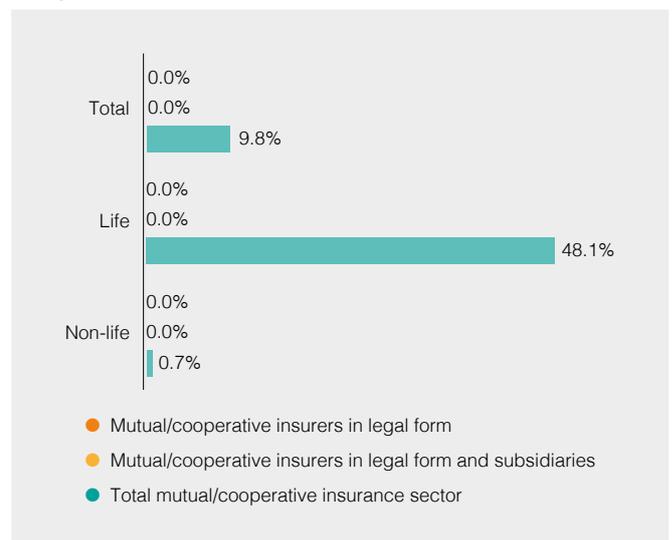
Estonian non-life insurance grew substantially, reporting a 52.6% increase since 2007 (EUR 259 million). Mutual/cooperative insurers experienced a similar overall growth (59%), increasing from EUR 1.7 million in premiums written in 2007 to EUR 2.7 million in 2015. The mutual/cooperative sector registered a CAGR of 6.0%, just ahead of the total non-life market (5.4%).

Market share of mutual/cooperative insurance sector

The mutual/cooperative sector accounted for 9.8% of the total insurance market in Estonia in 2015 (see Figure 3). Mutual/cooperative insurers were responsible for almost half (48.1%) of the total Estonian life insurance market in 2015, although they had a very small market share in non-life business (0.7%).

As there were no mutual or cooperative insurers in the legal form (or subsidiaries) present in the Estonian market, these market share figures comprise solely mutual/cooperative-type insurers.

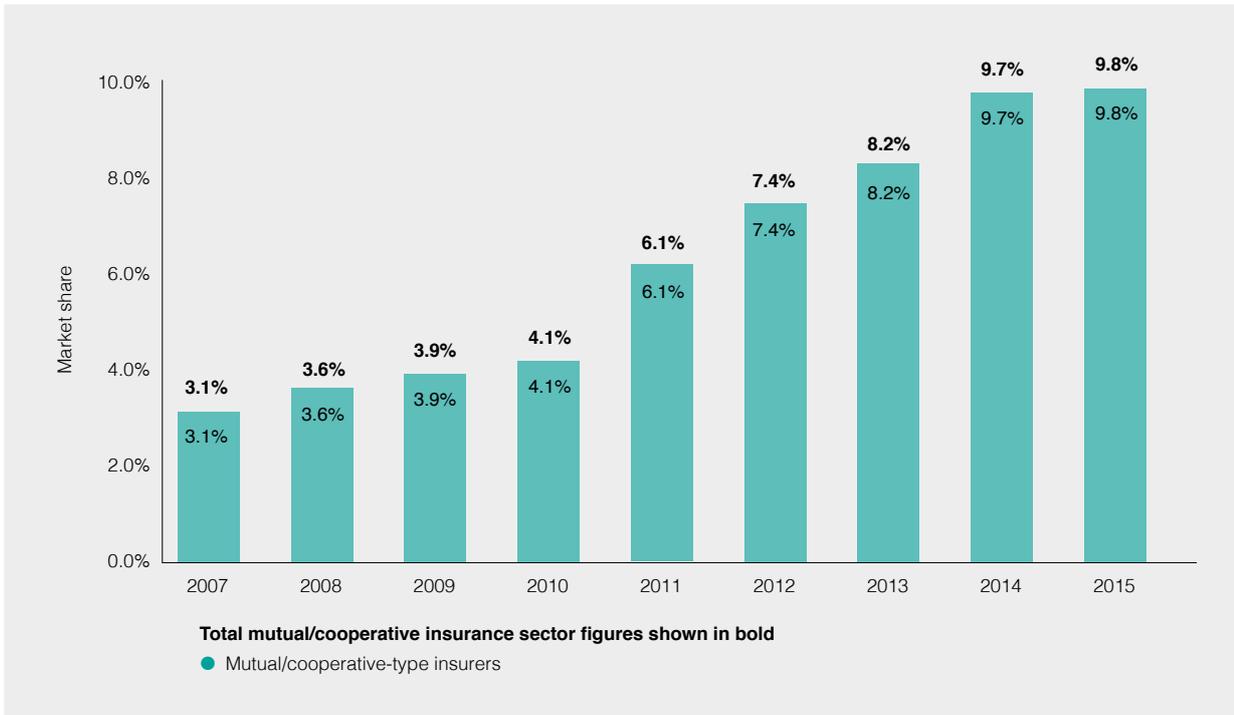
Figure 3
 Market share of mutual/cooperative insurance companies (2015)



The overall market share of the mutual/cooperative insurance sector has grown year-on-year since 2007, up from 3.1% (see Figure 4). Market share grew fastest between 2011 and 2014, where it rose from 6.1% to 9.7% over this three-year period.

Growth in life market share was the main contributor to the overall growth in mutual/cooperative market share since 2007. The mutual/cooperative sector gained a further 40% over this period, growing from 8% market share in 2007. In contrast, non-life market share remained low during this period.

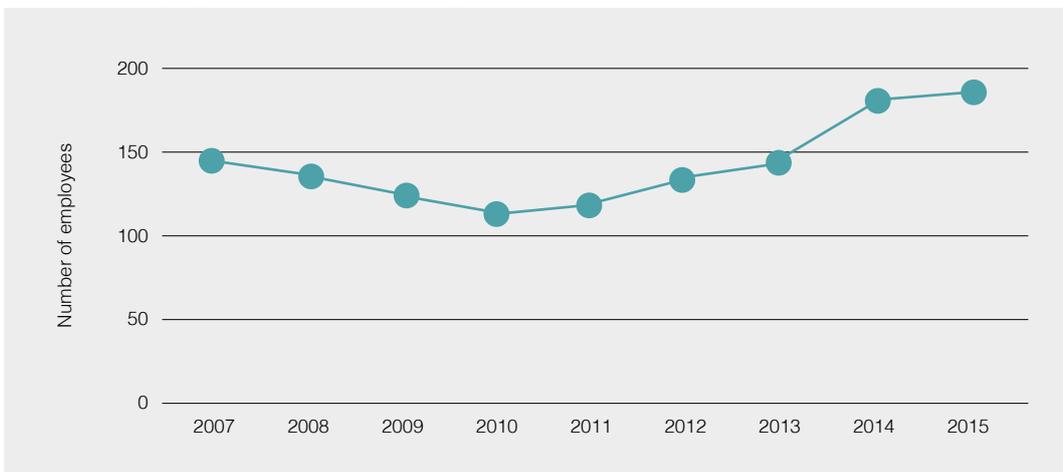
Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)



Number of employees

There were 186 employees of the Estonian mutual/cooperative sector in 2015 (see Figure 5). This represented an increase from 145 employees in 2007.

Figure 5
Number of employees of the mutual/cooperative insurance sector (2007-2015)



Number of members/policyholders

There were no data available on the number of members/policyholders of mutual/cooperative insurers in Estonia.

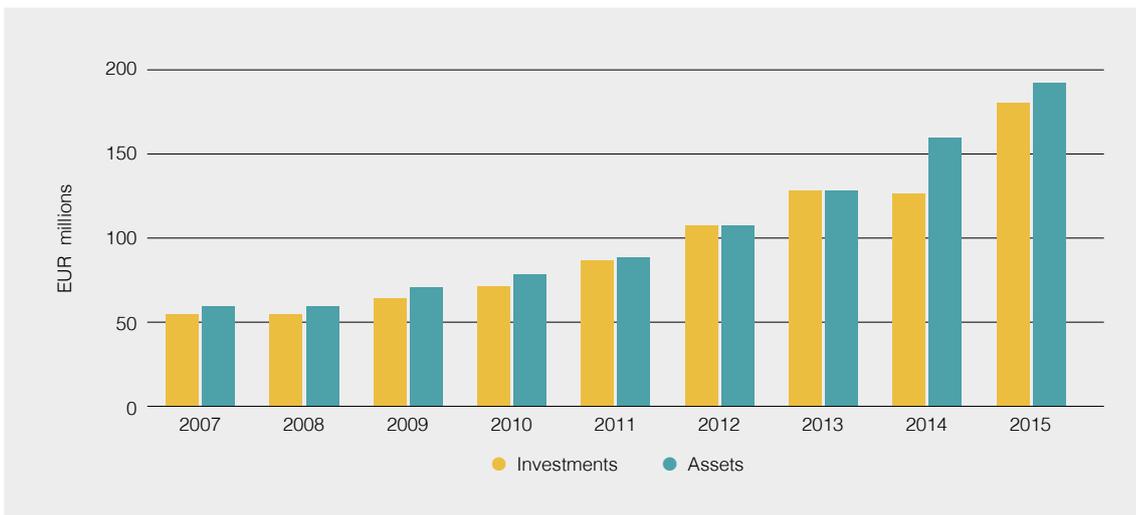
Assets and investments

Total assets held by the mutual/cooperative insurance sector were valued at EUR 192 million in 2015 (see Figure 6). This represented a significant increase compared to EUR 59 million in assets held in 2007. Asset values had grown rapidly in the previous four years (CAGR of 21.6% between 2011 and 2015).

Investments of mutual/cooperative insurers experienced a similar growth, increasing from EUR 54 million in 2007 to EUR 180 million in 2015.

Figure 6

Total assets and investment assets of the mutual/cooperative insurance sector (2007-2015)



ICMIF

Denzell House, Dunham Road, Bowdon, Cheshire,
WA14 4QE, UK
Tel: +44 161 929 5090 Fax: +44 161 929 5163

The International Cooperative and Mutual Insurance Federation (ICMIF) is a best practice organisation committed to giving its members from around the world a competitive advantage. ICMIF helps to grow its mutual and cooperative insurance member organisations by sharing strategies and the latest market intelligence.

icmif

International Cooperative and
Mutual Insurance Federation

AMICE aisbl

Rue du Trône 98/14, BE-1050 Brussels, Belgium
Tel: +32 2 503 38 78 Fax: +32 2 503 30 55

The Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE) represents the interests of mutual and cooperative insurers in Europe with one united voice and ensures the interests of its members are taken into account in securing a level playing field for all insurers in Europe regardless of their legal form.



Association of Mutual Insurers and
Insurance Cooperatives in Europe